

**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



**Review of State Spending:
Interim Report**

**Staff Briefing
December 10, 2001**

Study Mandate

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- **HJR 773 and HB 2865 (both from 2001) direct JLARC to review State spending and identify:**
 - **The largest and fastest growing programs**
 - **The causes of expenditure growth**
 - **An assessment of the use of performance budgeting and measurement in legislative budgeting**
 - **Commission members also asked for a discussion of revenue forecasting**

2001 Briefings and Report

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- **June 11 Commission meeting**
 - Work plan; guidance from Commission
- **September 10 Commission meeting**
 - Budget Growth (Chapters 1, 2 and 5)
 - Performance Measurement (Chapter 4)
- **October 9 Commission meeting**
 - Revenue Forecasting (Chapter 3)
- **December 10 Commission meeting**
 - Interim Report

Interim Report Contents

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■ Chapter I - Introduction

- Growth in State Spending
- The Basis of the State Budget
- JLARC Review

■ Chapter II - Components of Spending Growth

- Spending Trends in the Broad Functions of Government
- Growth in State Agency Budgets
- Growth in Budget Programs
- Some State Initiatives that Drove Spending Growth

Interim Report Contents

(continued)

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■ Chapter III – The General Fund Forecasting Process

- **State Revenue Sources**
- **The Revenue Forecasting Framework**
- **Forecast Process**
- **Forecast Performance**
- **The Forecast Process is Reasonable**

■ Chapter IV - The Development of Performance Measures

- **Current Status of Performance Measurement**
- **Evaluating Performance Measures in State Government**

Interim Report Contents (continued)

Chapter V - Agency Profiles

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- **Focus on agencies with the most growth in total appropriations, FY 1981 – FY 2000**
- **Each profile contains:**
 - **Budget overview, trends, appropriations history**
 - **Historical comparisons**
 - **Reasons for largest changes in agency budget**
 - **Comparison of FY 2000 appropriations and expenditures**
 - **Performance measures**

Agency Profiles: 10 Largest Appropriations

FY 2000 (\$ in millions, all funds)

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1. Department of Education*	\$4,247
2. Department of Medical Assistance Services	\$2,863
3. VDOT	\$2,401
4. Department of Social Services	\$1,122
5. University of Virginia	\$1,083
6. Department of Corrections	\$ 719
7. DMHMRSAS	\$ 713
8. Virginia Tech	\$ 592
9. Virginia Commonwealth University	\$ 501
10. Compensation Board	\$ 457

***Not included in Interim Report**

Next Steps

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- ***Code of Virginia* Section 30-58.3 requires JLARC to provide an annual report on state spending**
 - The Interim Report is the first annual report
- **Future topics will include:**
 - Profiles of additional large-budget agencies and programs, focusing on why their budgets increased
 - Ways of identifying spending functions and programs that:
 - could be consolidated without diminishing the quality of services
 - no longer have a distinct and discernible mission, or are not performing their missions efficiently
 - Areas of potential savings